

Message Text

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PAGE 01 ATHENS 02404 231733Z

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ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 H-03 EB-11 COME-00 TRSE-00 FEA-02

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FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 3138

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FOR NEA/GRK

E.O. 11652: GDS

TAGS: ECON, ENRG, US, GR

SUBJECT: ROSENTHAL INQUIRY RE U.S. INVESTMENT IN GREECE

REF: STATE 68070; ATHENS A-328, AUG. 30, 1971; ATHENS A-104,
MARCH 31, 1973; ATHENS 0864; ATHENS 2336, APRIL 19, 1973,
THESSALONIKI 0145 THESSALONIKI 0199.

1. WHILE WE BELIEVE YOU HAVE SUBSTANTIAL MATERIAL ON WHICH TO
BASE REPLY, WE ARE ADDING FOLLOWING THOUGHTS ON SPECIFIC SECTIONS
IN STATE REFTEL:

(A) BASED ON OFFICIAL DATA COMPILED BY BANK OF GREECE (ONLY
ANNUAL TOTAL FIGURES ARE AVAILABLE WITHOUT BREAKDOWN BY FIRMS OR
PROJECTS), GROSS INFLOW OF CAPITAL AND MACHINERY UNDER PUBLIC
INVESTMENT LAW 2687 OF 1953 TOTALED FROM 1957 (WHEN FIRST
IMPLEMENTATION BEGAN) THROUGH 1969 \$330.5 MILLION, OF WHICH
\$234.7 MILLION CAME FROM THE UNITED STATES. (AMBASSADOR TASCA
ARRIVED IN ATHENS IN JANUARY 1970.) SIMILAR DATA FOR THE PERIOD
1970 THROUGH 1973 TOTALED \$209.8 MILLION, OF WHICH \$139.4
MILLION CAME FROM THE UNITED STATES. INVESTMENTS SINCE
1970 INCLUDE MAINLY MANUFACTURING AND TOURISM.

(B) SINCE 1966 GOG HAS NOT PUBLISHED DATA ON IMPLEMENTATION OF
INDIVIDUAL INVESTMENTS AUTHORIZED UNDER PL.L. 2687. EMBASSY HAS
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PAGE 02 ATHENS 02404 231733Z

ATTEMPTED TO DO THIS ON BASIS OF ESTIMATES AND DATA PROVIDED

BY INDIVIDUAL U.S. FIRMS. OUR INITIAL EFFORTS TO COMPILE SUCH INFORMATION BY INDIVIDUAL INVESTMENT PROJECTS WAS SUBMITTED TO DEPARTMENT IN A-328. HOWEVER, USE OF INFORMATION FROM THAT REPORT TO EMBARRASS, DISCREDIT, OR REVEAL PUBLICLY OPERATIONS OF INDIVIDUAL FIRMS SHOULD BE AVOIDED. IF DESIRED, WE CAN UPDATE THAT REPORT.

(C) MAIN DIFFERENCE IS THAT GREECE TODAY OFFERS POTENTIALLY IMPORTANT OPPORTUNITIES IN MANY OLD AND NEW AREAS FOR INVESTMENT BECAUSE GREEK MARKET HAS STEADILY EXPANDED AND OUTLOOK FOR FUTURE GROWTH IS IMPRESSIVE. GNP HAS GROWN FROM \$6.6 BILLION IN 1966 TO \$15.9 BILLION IN 1973 (PRELIMINARY); THUS GNP PER CAPITA HAS RISEN FROM \$768 IN 1966 TO \$1766 IN 1973. (EXPRESSED IN 1958 DOLLARS, GNP PER CAPITA HAS RISEN FROM \$628 IN 1966 TO \$1053 IN 1973). OTHER INDICATORS INCLUDE ELECTRIC POWER OUTPUT OF 5.4 BILLION KWH IN 1966 AND 13.5 BILLION KWH IN 1973; CEMENT (1966) 3.6 MILLION TONS, (1973) 6.5 MILLION TONS; GROSS FIXED INVESTMENT AT CONSTANT 1958 PRICES HAS GROWN FROM \$1.2 BILLION ON 1966 TO \$2.6 BILLION IN 1973 (PRELIMINARY); INDUSTRIAL PRODUCTION INDEX (1959 EQUALS 100) STOOD AT 187 IN 1966 AND ROSE TO 385 IN 1973. SUBSTANTIAL U.S. INVESTMENTS ARE CURRENTLY UNDER DISCUSSION OR IN VARIOUS STAGES OF DEVELOPMENT IN SUCH AREAS AS OFFSHORE OIL EXPLORATION, HOTELS, METALLIC MINERALS (BAUXITE - ALUMINA - ALUMINUM; ASBESTOS; MAGNESITE), CHEMICALS, PHARMACEUTICALS, PLASTICS, AND TELECOMMUNICATIONS, INCLUDING EXPANSION OF EXISTING PLANTS AND FACILITIES. OCEANIC EXPLORATION HAS SPENT ABOUT \$15 MILLION THUS FAR IN SEARCHING FOR HYDROCARBONS; COMMERICAL DEVELOPMENTS OF ITS PRINOS OIL FIELD AND KAVALA GAS DEPOSIT COULD LEAD TO VERY SUBSTANTIAL NEW INVESTMENTS. U.S. FIRMS ARE IN FOREFRONT OF OIL AND GAS EXPLORATION AND DEVELOPMENT, AS WELL AS MARKETING, REFINING, AND PETROCHEMICALS. TOURISM IS BECOMING AN INCREASINGLY ATTRACTIVE INVESTMENT AREA (1,132,000 TOURISTS SPENT \$144 MILLION IN 1966, WHILE 3,178,000 TOURISTS SPENT \$514 MILLION IN 1973).

(D) ONLY DATA OFFICIALLY RELEASED BY OCEANIC EXPLORATION (INCORPORATED IN DELAWARE WITH HEADQUARTERS IN DENVER) WERE REPORTED IN DETAIL IN ATHENS 0936. THAT RELEASE WAS BASED ON PARTIAL TESTING OF FIRST WELL IN PRINOS FIELD. A LIMITED OFFICIAL USE

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PAGE 03 ATHENS 02404 231733Z

SECOND (CONFIRMATION) WELL HAS JUST BEEN COMPLETED AND IS CURRENTLY BEING TESTED. FOLLOWING THIS TEST BOTH OCEANIC AND GOG ARE EXPECTED TO ISSUE MORE DEFINITIVE ESTIMATES AS TO SIZE AND COMPOSITION OF PRINOS FIELD (THESSALONIKI 0199). IN MEANTINE, THERE HAS BEEN UNOFFICIAL SPECULATION THAT PRINOS FIELD MAY CONTAIN AS MUCH AS 0.5 TO 2 BILLION BARRELS OF OIL (SEE THESSALONIKI 0145). THERE HAVE BEEN MANY INDICATIONS THAT GOG

WILL NOT REPEAT NOT PROCEED WITH PHILIPPI PEAT-FIRED POWER PLANT
PROJECT WHICH WAS TO BE CARRIED OUT JOINTLY WITH SOVIET UNION.
THIS PROJECT, WHICH WAS ORIGINALLY PROPOSED PRIOR TO 1967, WAS
SUBJECT OF SPECIFIC AGREEMENT DATED APRIL 18, 1973
(SEE ATHENS 2336). PROJECT HAS ALWAYS BEEN SUBJECT OF
CONTROVERSY IN GREECE, REFLECTING OPPOSITION BY FARMERS
FACING EXPROPRIATION OF MOST PRODUCTIVE AGRICULTURAL LAND IN
GREECE, AND MANY INFLUENTIAL GREEKS OPPOSED PRESENCE OF SOVIET
TECHNICIANS AS WELL AS PLACING IMPORTANT POWER FACILITY IN
POSITION OF DEPENDENCE ON SOVIET UNION. POSSIBLE FUTURE
USE OF GAS AND OIL FROM NEARBY NEWLY DISCOVERED OFFSHORE DEPOSITS
TO PRODUCE POWER MAY ALSO HAVE CONTRIBUTED
TO SUSPENSION OF PEAT POWER PROJECT.
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